2003 DRAFTING REQUEST

Bill

Received: **12/17/2002**   Received By: **pkahler**

Wanted: **As time permits**   Identical to LRB:

For: **Gregg Underheim (608) 266-2254**   By/Representing: **Marne Wischnewski**

This file may be shown to any legislator: **NO**   Drafter: **pkahler**

May Contact: Addl. Drafters:

Subject: **Insurance - auto**   Extra Copies:
              Insurance - miscellaneous

Submit via email: **YES**

Requester's email: **Rep.Underheim@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Prohibiting use of credit information for issuing or premiums under auto insurance

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Instructions:

See Attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	pkahler 12/17/2002	jdyer 01/03/2003		_____ _____			
/1			pgreensl 01/03/2003	_____ _____	lemery 01/03/2003	amentkow 01/08/2003	
/2	pkahler	jdyer	pgreensl	_____	sbasford	sbasford	

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
	02/11/2003	02/11/2003	02/11/2003	_____	02/11/2003	02/11/2003	
/3	pkahler 03/10/2003	jdyer 03/11/2003	jfrantze 03/11/2003	_____	sbasford 03/11/2003	sbasford 03/11/2003	

FE Sent For:

<div align="center">**<END>**</div>

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/2	pkahler	jdyer	pgreensl	_____	sbasford	sbasford	

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	02/11/2003	02/11/2003	02/11/2003	_____	02/11/2003	02/11/2003	

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Drafting History:

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/1			pgreensl 01/03/2003		lemery 01/03/2003	amentkow 01/08/2003	

FE Sent For:

<END>

<END>

LRB-1160

<h1 style="text-align:center">2003 DRAFTING REQUEST</h1>

Bill

Received: **12/17/2002**

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **Gregg Underheim (608) 266-2254**

By/Representing: **Marne Wischnewski**

This file may be shown to any legislator: **NO**

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Insurance - auto**
        Insurance - miscellaneous

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Underheim@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Prohibiting use of credit information for issuing or premiums under auto insurance

---

Instructions:

See Attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	pkahler 12/17/2002	jdyer 01/03/2003	_____ _____				
/1			pgreensl 01/03/2003 _____	_____	lemery 01/03/2003		

LRB-1160

FE Sent For:

<END>

2003 DRAFTING REQUEST

Bill

Received: **12/17/2002**

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **Gregg Underheim (608) 266-2254**

By/Representing: **Marne Wischnewski**

This file may be shown to any legislator: **NO**

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Insurance - auto**
        Insurance - miscellaneous

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Underheim@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Prohibiting use of credit information for issuing or premiums under auto insurance

---

Instructions:

See Attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	pkahler	/1 1/4 jld	1/3 P q	1/3 SdB			

FE Sent For:

<END>

Kahler, Pam

Hi Pam. Gregg would like to reintroduce the credit reporting/scoring bill from last session. Could you please redraft AB 774. (I was not in Gregg's office last session when he introduced this, so if there is more information I need to get to you, let me know.) Thank you. No immediate rush on this. I just looked through old files from last session and number is LRB-3413/2 if that is helpful.

Marne Wischnewski
Office of Gregg Underheim
266-2254

State of Wisconsin
2001—2002 LEGISLATURE

1160/1
LRB-3413/2
PJK(jld)kjf

keep

2003

2001 ASSEMBLY BILL 774

Regen

1   AN ACT *to amend* 625.12 (1) (e), 625.12 (2), 625.15 (1) and 628.34 (3) (a); and *to*

2   *create* 632.367 of the statutes; **relating to:** prohibiting the use of information

3   in credit reports for issuing or setting premiums for motor vehicle insurance.

Analysis by the Legislative Reference Bureau

Current law contains prohibitions against unfairly discriminating among policyholders with respect to charging different premiums or offering different terms of coverage except on the basis of classifications related to the nature and degree of risk covered. Current law also specifies the factors on which insurance rates may be based. These prohibitions and specifications apply to all types of insurance. Current law specifically prohibits an insurer from using odometer reading data collected in the course of an emissions inspection as a factor in setting rates or premiums for motor vehicle insurance.

This bill prohibits an insurer from considering information in an individual's credit report for purposes of issuing or renewing motor vehicle insurance to the individual or setting premiums for that motor vehicle insurance. The bill also prohibits a rating plan for motor vehicle insurance from using information in an individual's credit report as a rating factor.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1   SECTION 1. 625.12 (1) (e) of the statutes is amended to read:

2   625.12 **(1)** (e) Subject to s. ss. 632.365 and 632.367, all other relevant factors,

3   including the judgment of technical personnel.

4   SECTION 2. 625.12 (2) of the statutes is amended to read:

5   625.12 **(2)** CLASSIFICATION. Risks may be classified in any reasonable way for

6   the establishment of rates and minimum premiums, except that no classifications

7   may be based on race, color, creed, or national origin, and classifications in

8   automobile insurance may not be based on physical condition or developmental

9   disability as defined in s. 51.01 (5). Subject to s. ss. 632.365 and 632.367, rates thus

10   produced may be modified for individual risks in accordance with rating plans or

11   schedules that establish reasonable standards for measuring probable variations in

12   hazards, expenses, or both. Rates may also be modified for individual risks under

13   s. 625.13 (2).

14   SECTION 3. 625.15 (1) of the statutes is amended to read:

15   625.15 **(1)** RATE MAKING. An insurer may itself establish rates and

16   supplementary rate information for one or more market segments based on the

17   factors in s. 625.12 and, if the rates are for motor vehicle liability insurance, subject

18   to s. ss. 632.365 and 632.367, or the insurer may use rates and supplementary rate

19   information prepared by a rate service organization, with average expense factors

20   determined by the rate service organization or with such modification for its own

21   expense and loss experience as the credibility of that experience allows.

22   SECTION 4. 628.34 (3) (a) of the statutes is amended to read:

23   628.34 **(3)** (a) No insurer may unfairly discriminate among policyholders by

24   charging different premiums or by offering different terms of coverage except on the

25   basis of classifications related to the nature and the degree of the risk covered or the

2001 – 2002 Legislature   – 3 –   LRB–3413/2
PJK:jld:kjf
ASSEMBLY BILL 774   SECTION 4

1   expenses involved, subject to ss. 632.365, 632.367, 632.746, and 632.748. Rates are

2   not unfairly discriminatory if they are averaged broadly among persons insured

3   under a group, blanket, or franchise policy, and terms are not unfairly discriminatory

4   merely because they are more favorable than in a similar individual policy.

5   SECTION 5. 632.367 of the statutes is created to read:

6   **632.367 Use of information in credit report.** **(1)** A rating plan for motor

7   vehicle insurance may not use information in an individual's credit report as a rating

8   factor.

9   **(2)** For the purpose of determining whether to issue or renew coverage under

10   a motor vehicle insurance policy, or of setting premiums for coverage under such a

11   policy, an insurer may not consider information in the credit report of any of the

12   following:

13   **(a)** An individual who is, or who if coverage is issued would be, a named insured

14   under the policy.

15   **(b)** The spouse or other family member of an individual under par. (a).

16   SECTION 6. **Initial applicability.**

17   **(1)** This act first applies to motor vehicle insurance policies renewed, or for

18   which application is made, on the effective date of this subsection.

19   **(END)**

From:	Wischnewski, Marne
Sent:	Wednesday, January 08, 2003 4:20 PM
To:	LRB.Legal
Subject:	Draft review: LRB-1160/1 Topic: Prohibiting use of credit information for issuing or premiums under auto insurance

It has been requested by <Wischnewski, Marne> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB-1160/1 Topic: Prohibiting use of credit information for issuing or premiums under auto insurance
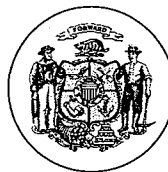
State Representative
GREGG UNDERHEIM
Chair: Assembly Committee on Health
Chair: Assembly Select Committee on State & Local Finance

- ❏ In response to your recent request.
- ❏ I thought you might be interested in the enclosed material.

Hi Pam, Gregg would
like to expand the credit
scoring bill to ~~expand~~
everything except health.
Call me if you
have questions

— Marne

P.O. Box 8953 • Madison, WI 53708-8953
(608) 266-2254 • Fax: (608) 282-3654 • Toll-Free: 1 (888) 534-0054
TDD: 1 (800) 228-2115 • Rep.Underheim@legis.state.wi.us
1652 Beech Street • Oshkosh, WI 54901 • (920) 233-1082

From:	Wischnewski, Marne
Sent:	Monday, February 10, 2003 10:54 AM
To:	Kahler, Pam
Subject:	FW: Credit scoring draft

Pam, does this help??

Marne
6-2254

-----Original Message-----
From: Gregg Underheim [mailto:greg22@vbe.com]
Sent: Friday, February 07, 2003 5:54 PM
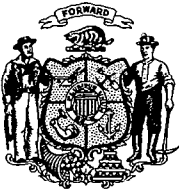To: Wischnewski, Marne
Subject: RE: Credit scoring draft

Pam makes a good point. Include auto and property and casualty.
ggg

-----Original Message-----
From: Wischnewski, Marne [mailto:Marne.Wischnewski@legis.state.wi.us]
Sent: Friday, February 07, 2003 12:15 PM
To: Gregg (E-mail)
Subject: FW: Credit scoring draft

can we discuss this???
Marne

>   -----Original Message-----
> From: Kahler, Pam
> Sent: Friday, February 07, 2003 12:08 PM
> To: Wischnewski, Marne
> Subject: Credit scoring draft
>
> Marne:
>
> I received the bill back and your instructions on the change you want to
make. Since I can't be sure of listing every kind of insurance you want to
include, I would have to exclude health insurance. My concern with doing
that is that it will look as though using credit information for health
insurance is okay. Is this what you want? If not, would you prefer to list
the types of insurance that you want covered, such as property and
liability, for example? Or would you prefer simply to apply the prohibition
to all insurance? On the other hand, maybe you don't mind if credit scoring
is used for health insuance. Thanks for considering this.
>
> Pam

This message scanned for viruses by CoreComm

1

2003 BILL

1 AN ACT *to amend* 625.12 (1) (e), 625.12 (2), 625.15 (1) and 628.34 (3) (a); and *to*

2 *create* 632.367 of the statutes; **relating to:** prohibiting the use of information

3 in credit reports for issuing or setting premiums for motor vehicle insurance.

Analysis by the Legislative Reference Bureau

Current law contains prohibitions against unfairly discriminating among policyholders with respect to charging different premiums or offering different terms of coverage except on the basis of classifications related to the nature and degree of risk covered. Current law also specifies the factors on which insurance rates may be based. These prohibitions and specifications apply to all types of insurance. Current law specifically prohibits an insurer from using odometer reading data collected in the course of an emissions inspection as a factor in setting rates or premiums for motor vehicle insurance.

This bill prohibits an insurer from considering information in an individual's credit report for purposes of issuing or renewing motor vehicle insurance to the individual or setting premiums for that motor vehicle insurance. The bill also prohibits a rating plan for motor vehicle insurance from using information in an individual's credit report as a rating factor.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

632.12

1   SECTION 1. 625.12 (1) (e) of the statutes is amended to read:

2   625.12 **(1)** (e) Subject to s. ss. 632.365 and 632.367, all other relevant factors,

3   including the judgment of technical personnel.

4   SECTION 2. 625.12 (2) of the statutes is amended to read:

5   625.12 **(2)** CLASSIFICATION. Risks may be classified in any reasonable way for

6   the establishment of rates and minimum premiums, except that no classifications

7   may be based on race, color, creed, or national origin, and classifications in

8   automobile insurance may not be based on physical condition or developmental

9   disability as defined in s. 51.01 (5). Subject to s. ss. 632.365 and 632.367, rates thus

10   produced may be modified for individual risks in accordance with rating plans or

11   schedules that establish reasonable standards for measuring probable variations in

12   hazards, expenses, or both. Rates may also be modified for individual risks under

13   s. 625.13 (2).   Insert 2-17

14   SECTION 3. 625.15 (1) of the statutes is amended to read:

15   625.15 **(1)** RATE MAKING. An insurer may itself establish rates and

16   supplementary rate information for one or more market segments based on the

17   factors in s. 625.12 and, if the rates are for motor vehicle liability insurance, subject

18   to s. ss. 632.365 and 632.367, or the insurer may use rates and supplementary rate

19   information prepared by a rate service organization, with average expense factors

20   determined by the rate service organization or with such modification for its own

21   expense and loss experience as the credibility of that experience allows.

22   SECTION 4. 628.34 (3) (a) of the statutes is amended to read:

23   628.34 **(3)** (a) No insurer may unfairly discriminate among policyholders by

24   charging different premiums or by offering different terms of coverage except on the

25   basis of classifications related to the nature and the degree of the risk covered or the

632.12

1 expenses involved, subject to ss. 632.365, 632.367, 632.746, and 632.748. Rates are

2 not unfairly discriminatory if they are averaged broadly among persons insured

3 under a group, blanket, or franchise policy, and terms are not unfairly discriminatory

4 merely because they are more favorable than in a similar individual policy.

5 **SECTION 5.** 632.367 of the statutes is created to read:

6 **632.367 Use of information in credit report. (1)** A rating plan for motor

7 vehicle insurance may not use information in an individual's credit report as a rating

8 factor.

9 **(2)** For the purpose of determining whether to issue or renew coverage under

10 a motor vehicle insurance policy, or of setting premiums for coverage under such a

11 policy, an insurer may not consider information in the credit report of any of the

12 following:

13 (a) An individual who is, or who if coverage is issued would be, a named insured

14 under the policy.

15 (b) The spouse or other family member of an individual under par. (a).

16 **SECTION 6. Initial applicability.**

17 (1) This act first applies to motor vehicle insurance policies renewed, or for

18 which application is made, on the effective date of this subsection.

19 **(END)**

or property insurance policies
that are

D-raft

Insert 2–17

1   , if the rates are for property insurance, subject to s. 632.12 or

(END OF INSERT 2–17)

Insert 3–4

2   **Section 1.** 632.12 of the statutes is created to read:

3   **632.12 Use of information in credit report.** **(1)** A rating plan for property

4   insurance may not use information in an individual's credit report as a rating factor.

5   **(2)** For the purpose of determining whether to issue or renew coverage under

6   a property insurance policy, or of setting premiums for coverage under such a policy,

7   an insurer may not consider information in the credit report of any of the following:

8   (a) An individual who is, or who if coverage is issued would be, a named insured

9   under the policy.

10   (b) The spouse or other family member of an individual under par. (a).

(END OF INSERT 3–4)

date

This is drafted to apply to motor vehicle insurance and property insurance. If you want to use the term "property and casualty insurance", see how the term was used in ss. 628.46 (2m) (b) 2. and 632.875 (5) (b). In those sections, "property and casualty insurance" includes motor vehicle insurance and disability insurance, meaning health insurance, which is why disability insurance was excepted. According to Ballentine's Law Dictionary, "casualty insurance" technically means every kind of insurance except life, and has been used with considerable variation among insurance companies, often as a catch–all term for new types of insurance as they are developed. Because it does not seem to be used in the same way by everyone, I hesitate to use the term "casualty" in relation to insurance unless someone insists on it. Let me know if you want to use the term "property and casualty insurance" in the same way as it was used in ss. 628.46 (2m) (b) 2. and 632.875 (5) (b), making an exception for "disability insurance." Also, if you decide that this is what you want, let me know if you also want to exclude from the definition of "disability insurance," uninsured, underinsured, and medical payment coverages, as was done in ss. 628.46 (2m) (b) 2. and 632.875 (5) (b).

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266–2682
E–mail: pam.kahler@legis.state.wi.us

February 11, 2003

This is drafted to apply to motor vehicle insurance and property insurance. If you want to use the term "property and casualty insurance," see how the term was used in ss. 628.46 (2m) (b) 2. and 632.875 (5) (b). In those sections, "property and casualty insurance" includes motor vehicle insurance and disability insurance, meaning health insurance, which is why disability insurance was excepted. According to Ballentine's Law Dictionary, "casualty insurance" technically means every kind of insurance except life insurance and has been used with considerable variation among insurance companies, often as a catch–all term for new types of insurance as they are developed. Because it does not seem to be used in the same way by everyone, I hesitate to use the term "casualty" in relation to insurance unless someone insists on it. Let me know if you want to use the term "property and casualty insurance" in the same way as it was used in ss. 628.46 (2m) (b) 2. and 632.875 (5) (b), making an exception for "disability insurance." Also, if you decide that this is what you want, let me know if you also want to exclude from the definition of "disability insurance," uninsured, underinsured, and medical payment coverages, as was done in ss. 628.46 (2m) (b) 2. and 632.875 (5) (b).

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266–2682
E–mail: pam.kahler@legis.state.wi.us

From:	Wischnewski, Marne
Sent:	Monday, March 10, 2003 9:22 AM
To:	Kahler, Pam
Subject:	FW: Credit scoring

Hi Pam. Please take a look at the first paragraph of the email below. Does that answer your questions from your Drafter's note?
Give me a call if you have any questions. Thank you!

Marne
Rep. Underheim's office
266-2254

-----Original Message-----
From: WISPIRG [mailto:wispirg@mail.chorus.net]
Sent: Monday, March 10, 2003 8:30 AM
To: marne.wischnewski@legis.state.wi.us
Subject: Credit scoring

Marne,
I looked at the bill draft and I think it looks good. As far as the
drafters questions re: casualty insurance, my understanding is that health
insurers are not using credit scores (at least at this point). Because of
the confusing nature of the definition of "casualty" insurance, I would be
comfortable staying with just auto and property insurance. My only question
is, does property insurance cover both renter and homeowner insurance? I
assume it does, but we should confirm that.

On a different note, has Rep. Underheim found a sponsor in the Senate yet?
We are meeting with most of the Senate Insurance Committee members during
our lobby day, and could ask any of them to author the Senate bill (we have
meetings with Hansen, Schultz, Kedzie and Robson) .

I'm in the office most of today, so let's touch base when you have time.

Kerry Schumann
Director
Wisconsin Public Interest Research Group
1050 Regent Street, Suite L2
Madison, WI 53715
608-251-1918 p
608-287-0865 f
wispirg@chorus.net

LRB-1160

per Marne:

add specifically

renters & homeowners

1

2003 ASSEMBLY BILL

Regen

1   AN ACT *to amend* 625.12 (1) (e), 625.12 (2), 625.15 (1) and 628.34 (3) (a); and *to*

2   *create* 632.12 and 632.367 of the statutes; **relating to:** prohibiting the use of

3   information in credit reports for issuing or setting premiums for motor vehicle

4   or property insurance.

Analysis by the Legislative Reference Bureau

Current law contains prohibitions against unfairly discriminating among policyholders with respect to charging different premiums or offering different terms of coverage except on the basis of classifications related to the nature and degree of risk covered. Current law also specifies the factors on which insurance rates may be based. These prohibitions and specifications apply to all types of insurance. Current law specifically prohibits an insurer from using odometer reading data collected in the course of an emissions inspection as a factor in setting rates or premiums for motor vehicle insurance.

This bill prohibits an insurer from considering information in an individual's credit report for purposes of issuing or renewing motor vehicle or property insurance or setting premiums for motor vehicle or property insurance. The bill also prohibits a rating plan for motor vehicle or property insurance from using information in an individual's credit report as a rating factor.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

, including renter's and homeowner's insurance

1   SECTION 1. 625.12 (1) (e) of the statutes is amended to read:

2   625.12 **(1)** (e) Subject to s̶. ss. 632.12, 632.365, and 632.367, all other relevant

3   factors, including the judgment of technical personnel.

4   SECTION 2. 625.12 (2) of the statutes is amended to read:

5   625.12 **(2)** CLASSIFICATION. Risks may be classified in any reasonable way for

6   the establishment of rates and minimum premiums, except that no classifications

7   may be based on race, color, creed, or national origin, and classifications in

8   automobile insurance may not be based on physical condition or developmental

9   disability as defined in s. 51.01 (5). Subject to s̶. ss. 632.12, 632.365, and 632.367,

10   rates thus produced may be modified for individual risks in accordance with rating

11   plans or schedules that establish reasonable standards for measuring probable

12   variations in hazards, expenses, or both. Rates may also be modified for individual

13   risks under s. 625.13 (2).

14   SECTION 3. 625.15 (1) of the statutes is amended to read:

15   625.15 **(1)** RATE MAKING. An insurer may itself establish rates and

16   supplementary rate information for one or more market segments based on the

17   factors in s. 625.12 and, if the rates are for property insurance, subject to s. 632.12

18   or, if the rates are for motor vehicle liability insurance, subject to s̶. ss. 632.365 and

19   632.367, or the insurer may use rates and supplementary rate information prepared

20   by a rate service organization, with average expense factors determined by the rate

21   service organization or with such modification for its own expense and loss

22   experience as the credibility of that experience allows.

23   SECTION 4. 628.34 (3) (a) of the statutes is amended to read:

24   628.34 **(3)** (a) No insurer may unfairly discriminate among policyholders by

25   charging different premiums or by offering different terms of coverage except on the

1   basis of classifications related to the nature and the degree of the risk covered or the

2   expenses involved, subject to ss. <u>632.12</u>, 632.365, <u>632.367</u>, 632.746, and 632.748.

3   Rates are not unfairly discriminatory if they are averaged broadly among persons

4   insured under a group, blanket, or franchise policy, and terms are not unfairly

5   discriminatory merely because they are more favorable than in a similar individual

6   policy.

7   **SECTION 5.** 632.12 of the statutes is created to read: *Insert 3-8*

8   **632.12 Use of information in credit report. (1)** A rating plan for property

9   insurance may not use information in an individual's credit report as a rating factor.

10   **(2)** For the purpose of determining whether to issue or renew coverage under

11   a property insurance policy, or of setting premiums for coverage under such a policy,

12   an insurer may not consider information in the credit report of any of the following:

13   (a) An individual who is, or who if coverage is issued would be, a named insured

14   under the policy.

15   (b) The spouse or other family member of an individual under par. (a).

16   **SECTION 6.** 632.367 of the statutes is created to read:

17   **632.367 Use of information in credit report. (1)** A rating plan for motor

18   vehicle insurance may not use information in an individual's credit report as a rating

19   factor.

20   **(2)** For the purpose of determining whether to issue or renew coverage under

21   a motor vehicle insurance policy, or of setting premiums for coverage under such a

22   policy, an insurer may not consider information in the credit report of any of the

23   following:

24   (a) An individual who is, or who if coverage is issued would be, a named insured

25   under the policy.

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1   (b) The spouse or other family member of an individual under par. (a).

2   **SECTION 7. Initial applicability.**

3   (1) This act first applies to motor vehicle insurance policies or property

4 insurance policies that are renewed, or for which application is made, on the effective

5 date of this subsection.

6   **(END)**

Insert 3–8

1   In this section, "property insurance" includes renter's insurance and

2   homeowner's insurance.

3   (2)

(END OF INSERT 3–8)